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S.B. No. 1949

A BILL TO BE ENTITLED

AN ACT

relating to the applicability of laws of this state to certain
consumer financial transactions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 342.005, Finance Code, is amended to
read as follows:

Sec. 342.005. APPLICABILITY OF CHAPTER. Except as provided
by Sections 302.001(d) and 342.004(c), a loan is subject to this
chapter if the loan:

(1) provides for interest in excess of 10 percent a
year;

(2) is extended primarily for personal, family, or
household use to a person who is located in this state at the time
the loan is made;

(3) is made by a person engaged in the business of
making, arranging, or negotiating those types of loans; and

(4) either:

(A) is not secured by a lien on real property; or

(B) is described by Section 342.001(4), 342.301,
or 342.456 and is predominantly payable in monthly installments.

SECTION 2. The heading to Section 342.053, Finance Code, is
amended to read as follows:

Sec. 342.053. AREA OF BUSINESS; LOANS BY MAIL OR ONLINE.

SECTION 3. Section 342.053(b), Finance Code, is amended to

1 read as follows:

2 (b) A lender may make, negotiate, arrange, and collect loans
3 by mail or online from a licensed office.

4 SECTION 4. Section 343.002, Finance Code, is amended to
5 read as follows:

6 Sec. 343.002. APPLICABILITY. (a) This chapter applies to
7 a loan under this chapter that is extended to a person who is
8 located in this state at the time the loan is made.

9 (b) This chapter does not apply to:

10 (1) a reverse mortgage; or

11 (2) an open-end account, as defined by Section
12 301.002.

13 SECTION 5. Section 345.007, Finance Code, is amended by
14 adding Subsection (d) to read as follows:

15 (d) This chapter applies to a retail installment
16 transaction extended to a person who is located in this state at the
17 time the transaction is entered into.

18 SECTION 6. Section 346.004(a), Finance Code, is amended to
19 read as follows:

20 (a) Unless the contract for the account provides otherwise,
21 this chapter applies to a revolving credit account described by
22 Section 346.003 if the loan or extension of credit is extended
23 primarily for personal, family, or household use to a person who is
24 located in this state at the time the loan is made or the extension
25 of credit is entered into.

26 SECTION 7. Subchapter A, Chapter 347, Finance Code, is
27 amended by adding Section 347.008 to read as follows:

1 Sec. 347.008. APPLICABILITY. Each credit transaction
2 extended to a person who is located in this state at the time the
3 transaction is entered into is subject to this chapter.

4 SECTION 8. Section 348.007(a), Finance Code, is amended to
5 read as follows:

6 (a) Except as otherwise provided by this section, each
7 retail installment transaction extended to a person who is located
8 in this state at the time the transaction is entered into is subject
9 to this chapter.

10 SECTION 9. Subchapter A, Chapter 351, Finance Code, is
11 amended by adding Section 351.012 to read as follows:

12 Sec. 351.012. APPLICABILITY OF CHAPTER. This chapter
13 applies to a property tax loan that is extended to a person for
14 payment of property taxes on real property located in this state.

15 SECTION 10. The heading to Section 351.053, Finance Code,
16 is amended to read as follows:

17 Sec. 351.053. AREA OF BUSINESS; PROPERTY TAX LOANS BY MAIL
18 OR ONLINE.

19 SECTION 11. Section 351.053(b), Finance Code, is amended to
20 read as follows:

21 (b) A property tax lender may make, negotiate, arrange, and
22 collect property tax loans by mail or online from a licensed office.

23 SECTION 12. Chapter 352, Finance Code, is amended by adding
24 Section 352.009 to read as follows:

25 Sec. 352.009. APPLICABILITY OF CHAPTER. This chapter
26 applies to a refund anticipation loan that is extended to a person
27 who is located in this state at the time the loan is made.

1 SECTION 13. Section 371.003(8), Finance Code, is amended to
2 read as follows:

3 (8) "Pawn transaction" means the pledging, by a person
4 present in this state at the time of the transaction, with a
5 pawnbroker of a single item of goods as security for a loan of
6 money.

7 SECTION 14. Section 393.602(a), Finance Code, is amended to
8 read as follows:

9 (a) This subchapter applies only to a credit services
10 organization that, with respect to a consumer who is located in this
11 state at the time of the transaction, obtains for a consumer or
12 assists a consumer in obtaining an extension of consumer credit in
13 the form of:

- 14 (1) a deferred presentment transaction; or
15 (2) a motor vehicle title loan.

16 SECTION 15. This Act takes effect September 1, 2019.